

## **Tentative Agreement on Write-Ups/Nonregulatory Actions**

### **Proposed Regulatory Language Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #89 and #99

**Issue:** Need Analysis - Cost of Attendance and  
Purchase of Computer

**Regulatory Cite:** None

**Summary of Requested Change:** Clarify the conditions under which the purchase or lease of a computer may be included in a student's cost of attendance as defined in section 472 of the HEA.

**Regulatory Change:** None.

**Reason:** Section 478 of the HEA specifically provides that the Secretary may not regulate in the areas of needs analysis and cost of attendance. However, the Federal Student Aid Handbook indicates that institutions may include the documented cost of the purchase or rental of a computer in a student's cost of attendance for purposes of determining need for Title IV Federal student aid funds.

In a number of discussions with the community, the community indicated that they would prefer that we not offer any more specific guidance than what is provided in the law. During our last session, the timing of the purchase of the computer was discussed.

#### **Updated Information**

**Since 3/6-8 Meetings:** An example addressing this issue will be included in the Federal Student Aid Handbook.

**Tentative Agreement:** Yes

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #5

**Issue:** Acceptability of Electronic Signatures

**Regulatory Cite:** None

**Summary of Requested Change:** Clarify the conditions under which communications between Title IV program participants may be accomplished electronically. Also clarify when a signature that is required by the regulations may be provided electronically.

**Regulatory Change:** None.

**Reason:** Since, in almost all instances, the current language of the regulations does not specifically require either a printed "pen and ink" communication or a "wet" signature, there is no need to modify the regulations. The guidance that has previously been provided in this area stands. That is, unless a regulatory requirement specifically states that a notification, certification, authorization, or signature must be in a paper format, such communications may be accomplished electronically.

However, care should be taken that any electronic process used complies with applicable laws (HEA, E-Sign, etc.), especially requirements that relate to consumer (student, borrower, parent, etc.) consent, privacy, and security. Participants should also comply with any Department issued guidance, such as last year's Standards for Electronic Signatures in Electronic Student Loan Transactions.

Later this year, the Department expects to provide additional guidance for the use of electronics in the administration of the Title IV programs. They will address issues related to:

- The sending of electronic notices
- Obtaining electronic authorizations
- Use of electronics in the verification process
- The use of "shared secrets" such as PINs
- Issues of ensuring privacy
- Security issues in the use of electronics
- Other issues relating to evolving technologies

**Updated Information Since 3/6-8 Meetings:** None

**Tentative Agreement:** Yes

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #42

**Issue:** Return of Title IV Funds--50% Grant  
Protection

**Regulatory Cite:** §668.22(h)(2)

**Summary of Requested Change:** Expand applicability of 50%  
grant  
protection for students who withdraw.

**Regulatory Change:** None.

**Reason:** We have concluded that the statute does not permit  
the expansion of this provision and will explain our  
decision at the next negotiating session.

**Updated Information**

**Since 3/6-8 Meetings:** None.

**Tentative Agreement:** Yes. Reflects the non-federal  
negotiators' agreement to conclude discussion of this issue,  
not their agreement with the Department's statutory  
interpretation.

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** 1/7/02 Suggestion

**Issue:** School Eligibility--50% Rule

**Regulatory Cite:** §600.7

**Summary of Requested Change:** Clarify the "50% Rule" for correspondence and telecommunications courses.

**Regulatory Change:** None.

**Reason:** We have concluded that our regulations correctly reflect the statute. However, we have significantly revised the Federal Student Aid Handbook to clarify how these provisions apply to various types of institutions. A draft of the revised Handbook was circulated to a few institutional negotiators for their review and comment.

**Updated Information**

**Since 3/6-8 Meetings:** Additional comments submitted on the draft revised Handbook were considered.

**Tentative Agreement:** Yes

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #6 and #8

**Issue:** Federal Work Study - Electronic FWS  
Payroll Systems

**Regulatory Cite:** §675.19(b)(2)(i)

**Summary of Requested Change:** Permit the use of electronic  
time  
systems as alternatives to paper time records signed by a  
supervisor for Federal Work-Study (FWS).

**Regulatory Change:** None.

**Reason:** The current FWS regulations allow a school as of  
November 1, 2000 to use an electronic certification by the  
supervisor that each FWS student has worked and earned the  
amount being paid. The current FWS regulations provide the  
flexibility that allows a school to implement an electronic  
payroll system that can process time records for its FWS  
students. However, to emphasize and clarify the flexibility  
available to schools under the FWS Program, the Department  
will revise the Federal Student Aid Handbook.

**Updated Information**

**Since 3/6-8 Meetings:** None

**Tentative Agreement:** Yes

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #88

**Issue:** Federal Work-Study (FWS) - Community  
Service Waivers

**Regulatory Cite:** §675.18(g)(2)

**Summary of Requested Change:** Clarify the conditions under which the Secretary may grant a waiver of the requirement that a school use a certain percentage of its FWS Federal allocation for community service.

**Regulatory Change:** None.

**Reason:** The current FWS regulations provide for a waiver of the community service requirement if the Secretary determines that enforcing the requirement would cause a hardship for students at the school. The Department has been sensitive to the concerns of the schools in the waiver process. To allow flexibility to consider all factors that are valid reasons for a waiver, the regulations do not specify the circumstances that would receive a waiver of the community service requirement.

The negotiators requested information on reasons provided by schools for a community service waiver request. The schools indicated that enforcing the community service requirements would cause a hardship for their students because:

- A. The building used for community service activities was destroyed or a natural disaster impacted the operation of the school.
- B. The school received a very small FWS allocation and seven percent of that amount only provided enough funds for a student to work for a short period of time.
- C. The school offers a single area of specialized study, such as health professions, that results in its students having extensive curriculum and classroom workloads that prevent the students from performing community service jobs at the time those opportunities are available.

- D. The school is located in a rural area and its students lack a means of transportation to get to the town where the community service jobs are located. In some cases where the transportation does exist, the costs are very high.
- E. The school enrolls only adult students whose schedules and family responsibilities do not allow them to fill the available community service job time slots in the area.

**Updated Information**

**Since 3/6-8 Meetings:** Examples of reasons provided by schools for a community service waiver request will be added to the Federal Student Aid Handbook and the annual letter reminding schools of the deadline and process for requesting a waiver of the FWS community service requirement. The list of examples provided has been modified per the request of the non-federal negotiators.

**Tentative Agreement:**Yes

**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** Fed Up #100

**Issue:** Overaward Tolerances

**Regulatory Cites:** §§673.5(d), 682.604(i), and 685.303(e)

**Summary of Requested Change:** Use the \$300 overaward threshold for all Title IV aid programs so there is consistency with all programs.

**Regulatory Change:** None

**Reason:** Current campus-based regulations provide for this \$300 overaward threshold when it occurs after campus-based aid has been packaged. However current regulations for the William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) programs only provide for a \$300 overaward threshold if the student has Federal Work-Study (FWS). If there is no FWS in the student's aid package, an overaward threshold is not allowed under the Direct Loan and FFEL programs.

Sections 428G(d)(2) and 451(b)(2) of the Higher Education Act of 1965, as amended (HEA), only provide for an exception of a \$300 overaward threshold for the case where a Direct Loan or FFEL borrower has FWS in his or her aid package. The HEA would have to be amended in order to allow a general overaward threshold under these two loan programs.

**Updated Information**

**Since 3/6-8 Meetings:** None

**Tentative Agreement:** Yes



**Proposed Regulatory Language  
Committee II - Program Issues**

**Quick Fix:** No

**Origin:** ED

**Issue:** Home Schooled Students

**Regulatory Cite:** §§600.4, 600.5, 600.6, and 668.32

**Summary of Requested Change:** To clarify and define the Title IV eligibility requirements for home schooled students and to make the institutional eligibility requirements consistent with the student eligibility requirements.

**Regulatory Change:** None.

**Reason:** The requirements addressed in this request cannot be changed because they are based specifically on statutory provisions of the HEA. However, the Department is considering issuing guidance that will help clarify our position that if a student who completes home schooling is not bound by compulsory education statute under state law, admitting such a student as a regular student will not jeopardize an institution's eligibility to participate in the Title IV programs.

Updated Information

**Since 3/6-8 Meetings:** The Federal Student Aid Handbook will reflect this clarification.

**Tentative Agreement:** Yes